

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

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Pursuant to Minute Order 110472, dated March 30, 2006, the Texas Transportation Commission (commission) approved a “Master Resolution Establishing a Financing Program for Bonds, Other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund,” as subsequently amended and restated (master resolution), to establish a revenue financing program (state highway fund revenue financing program) pursuant to which the commission may issue bonds, notes and other public securities and execute credit agreements secured by and payable from a pledge of and lien on revenues deposited to the credit of the State Highway Fund (highway fund). Any terms not otherwise defined herein have the meaning given in the tenth supplement, as hereinafter defined.

Section 49-n, Article III, of the Texas Constitution (constitutional provision), Transportation Code Section 222.003 (enabling act), and other applicable law, including Government Code Chapters 1207 and 1371, authorize the commission to issue bonds and other public securities and enter into bond enhancement agreements that are payable from revenue deposited to the credit of the highway fund to fund state highway improvement projects. The constitutional provision further provides for the appropriation of amounts from highway fund revenues that are sufficient to pay the principal of and interest on such bonds or other public securities and any cost related to the bonds and other public securities, including payments under bond enhancement agreements.

The enabling act authorizes the commission to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the highway fund (bonds). The enabling act further provides that the Texas Comptroller of Public Accounts shall withdraw from the highway fund amounts determined by the commission to permit timely payment of the principal of and interest on the bonds and other public securities and any cost related to the bonds and other public securities, including payments under credit agreements.

The commission has determined it to be in the best interest of the state and the highway fund to issue additional bonds, on parity with previously issued obligations (parity debt), secured by and payable from a pledge of and lien on revenues deposited to the credit of the highway fund under the constitutional provision to refund all or part of the outstanding parity debt to provide: (i) savings to the state, (ii) long-term fixed rates for refunded variable rate bonds, (iii) alternative variable rate financing for refunded variable rate bonds, or (iv) any combination thereof.

The master resolution, together with the “Tenth Supplemental Resolution to the Master Resolution Establishing a Financing Program for Bonds, Other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund” (tenth supplement) prescribes the terms, provisions and covenants related to the issuance of refunding bonds in one or more series, from time to time, with such title and series designation as set forth in the tenth supplement so long as the issuance of such refunding bonds provides any of the following: (i) net present value debt service savings of not less than 3% of the principal amount of the refunded parity debt, (ii) long-term fixed rates for refunded variable rate bonds, (iii) alternative variable rate financing for refunded variable rate bonds, or (iv) any combination thereof.

Under the tenth supplement, the department representative, as defined in the tenth supplement, includes the chief financial officer of the Texas Department of Transportation (department) and the director of the project finance, debt and strategic contracts division of the department. The department representative is authorized to determine the method of sale of the bonds and shall further determine the price, interest rate or rates, and such terms of the bonds as prescribed in each award certificate in accordance with the tenth supplement.

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Under the tenth supplement, each department representative is authorized to price all or a portion of the bonds with various interest rate and other structures including variable rate bonds, put bonds, index bonds and others, which may require the use of liquidity providers, tender agents, remarketing agents, calculation agents and other entities performing various functions in connection with any such interest rate structures.

The commission has determined that it is in the best interest of the state to authorize the department representative to enter into any memoranda and agreements (collectively, management agreements) as are deemed necessary or appropriate by the department representative to permit timely payment of obligations issued or incurred pursuant to the master resolution and the tenth supplement and to provide for the management and administration of the highway fund and any other funds and accounts established and maintained in connection with or related to such obligations.

The commission has also determined that it is in the best interest of the state to authorize the department representative to take such actions as are determined to be necessary or appropriate in connection with the remarketing of previously issued variable rate bonds (remarketed variable rate bonds), from time to time, as contemplated by the supplement that authorized the issuance of such bonds, and price all or a portion of such remarketed variable rate bonds with various interest rate and other structures, including fixed or variable rate bonds, put bonds, index bonds and others, which may require the use of liquidity providers, tender agents, remarketing agents, calculation agents and other entities performing various functions in connection with any such interest rate structures.

The commission understands that official statements, remarketing memoranda or other offering documents (collectively, official statements) will be distributed in connection with the public offering of the bonds, including remarketed variable rate bonds, which official statement will include a description of the revenues deposited to the credit of the highway fund and other security and payment provisions related to the bonds, including remarketed variable rate bonds.

IT IS THEREFORE ORDERED by the commission that the chairman of the commission and the executive director of the department are authorized and directed to execute and deliver each series of bonds and such other documents and certificates as are necessary or appropriate to carry out the intent of this order and each department representative, on behalf of the commission, is authorized and directed to execute and deliver the tenth supplement, any bond purchase contract (including any forward or delayed delivery bond purchase contract), award certificate, paying agent/registrar agreement, escrow agreement and similar or other agreements necessary or appropriate for any series of the bonds (collectively, program documents), in the form approved by the department representative or in substantially the form previously approved by the commission in connection with the parity debt, as applicable, with such changes as the department representative, on behalf of the commission, executing the same may approve, such approval to be conclusively evidenced by execution of the program documents.

IT IS FURTHER ORDERED by the commission that each department representative, on behalf of the commission, is authorized and directed to execute and deliver any remarketing agreements, liquidity agreements, continuing covenant agreements, purchase agreements, tender agent agreements, calculation agent agreements, and similar or other agreements necessary or appropriate for any variable rate bonds (collectively, variable rate documents), and the variable rate documents in the form approved by the department representative or in substantially the form previously approved by the commission in connection with the parity debt are approved, with such changes as the department representative executing the same may approve, such approval to be conclusively evidenced by execution of the variable rate documents.

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IT IS FURTHER ORDERED by the commission that the chief financial officer of the department and the director of the, project finance, debt and strategic contracts division are hereby designated as authorized representatives for purposes of the master resolution.

IT IS FURTHER ORDERED by the commission that the department representative is authorized to execute and deliver such management agreements as are deemed necessary or appropriate to permit timely payment of bonds issued or incurred pursuant to the tenth supplement or the cash defeasance or redemption of a portion of the outstanding parity debt and to provide for the management and administration of the highway fund and any other funds and accounts established and maintained in connection with or related to such bonds.


IT IS FURTHER ORDERED by the commission that official statements are approved for distribution in connection with the public offering and sale of each series of bonds, including remarketed variable rate bonds, in such form as a department representative, on behalf of the commission, executing the same may approve, such approval to be conclusively evidenced by execution of such official statements. Each department representative, on behalf of the commission, is authorized to execute the official statement for each series of bonds, including remarketed variable rate bonds, and to deem final the preliminary form of each official statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission (rule) with such omissions as permitted by the rule.


IT IS FURTHER ORDERED by the commission that it delegates authority to each department representative to act on behalf of the commission to make all disclosure filings and submit reports relating to the bonds, including continuing disclosure reports, without further action by the commission.

IT IS FURTHER ORDERED by the commission that any other agreements, instruments or ancillary documents necessary or appropriate in connection with the issuance of each series of the bonds, the conversion or remarketing of outstanding parity debt issued as variable rate bonds, and the performance of the terms and conditions of any program document or variable rate document are hereby approved, and each member of the commission, each department representative, the executive director of the department and general counsel of the department, on behalf of the commission, are authorized and directed to perform all such acts and execute such documents, certificates, notices and applications, including any applications and submissions to the Bond Review Board, if necessary, and execution of certifications to the underwriters, the Attorney General, the Texas Comptroller of Public Accounts, the Bond Review Board and other parties, as may be necessary or appropriate to carry out the intent of this order and other orders of the commission relating to the state highway fund revenue financing program established by the master resolution, the program documents and the variable rate documents, if any.

Submitted and reviewed by:

Recommended by:

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Director, Project Finance, Debt and
Strategic Contracts Division

DocuSigned by:

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Executive Director

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